

Message Text

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47

ACTION EUR-25

INFO OCT-01 IO-13 ADP-00 EURE-00 SSO-00 NSCE-00 USIE-00

INRE-00 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00 EB-11

FRB-02 H-02 INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-10

PA-03 RSC-01 AID-20 CIEP-02 SS-15 STR-08 TAR-02

TRSE-00 PRS-01 OMB-01 RSR-01 /167 W
----- 074501

O R 281215 Z JUN 73

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 5425

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION GENEVA

USMISSION OECD PARIS

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PASS STR AND AGRICULTURE

E. O. 11652: N/ A

TAGS: ETRD EAGR GATT XT EEC

SUBJ: US- EC GRAIN NEGOTIATIONS UNDER STANDSTILL AGREEMENT

REF: A. EC BRUSSELS 3467; B. EC BRUSSELS 3572 PARA SEVEN;

C. USEC TELCON WITH STR (MALMGREN)

1. SUMMARY. FOLLOWING EC COUNCIL APPROVAL, THE EC
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COMMISSION ON JUNE 27 ADVISED US THAT IT IS PREPARED TO BEGIN NEGOTIATIONS PURSUANT TO THE US REQUEST UNDER THE 1962 GRAINS STANDSTILL AGREEMENT. THE COMMISSION ACCOMPANIED ITS WRITTEN NOTIFICATION WITH ORAL COMMENTS THAT DIFFER ONLY SLIGHTLY FROM THOSE IN REFTEL A. WE HAVE AGREED TO HOLD THE FIRST MEETING IN BRUSSELS AT 0930 AM, FRIDAY, JUNE 29. ACTION REQUESTED: GUIDANCE FOR THE MEETING. END SUMMARY.

2. THE EC COUNCIL AT ITS JUNE 25-26 MEETING APPROVED THE COMMUNITY'S REPLY TO THE US ON THE GRAINS STANDSTILL RIGHTS NEGOTIATIONS. THE TEXT OF THE EC COUNCIL PRESS COMMUNIQUE, REPORTED IN REFTEL B, STATES INTER ALIA, THAT " THE COMMISSION WILL LIMIT ITSELF DURING THE FIRST PHASE OF THESE NEGOTIATIONS TO AN EXAMINATION OF THE FACTS ONLY AND THAT IT WILL MAKE A REPORT TO THE COUNCIL AND WILL REQUEST FROM IT DIRECTIVES IF THE NEED ARISES".

3. ON JUNE 27, EC COMMISSION DEPUTY DIRECTOR GENERAL HIJZEN (EXTERNAL RELATIONS) GAVE US A LETTER FROM HIMSELF TO AMBASSADOR GREENWALD REPLYING TO THE HARTMAN LETTER OF MARCH 9 (EC A-100). THE TEXT OF HIJZEN'S LETTER FOLLOWS: BEGIN TEXT. IN RESPONSE TO MR. HARTMAN'S LETTER TO ME OF 9 MARCH 1973, I HAVE THE HONOUR TO INFORM YOU THAT, GIVEN THE TERMS OF THE EUROPEAN ECONOMIC COMMUNITY'S AND THE MEMBER STATES' AGREEMENT WITH THE UNITED STATES OF 7 MARCH 1962 CONCERNING QUALITY WHEAT AND OF THE SIMILAR AGREEMENT OF THE SAME DATE CONCERNING CORN AND CERTAIN OTHER AGRICULTURAL PRODUCTS, THE COMMISSION CONVEYS THE AGREEMENT OF THE COMMUNITY TO ENTER INTO THE NEGOTIATIONS FORESEEN IN THE SAID AGREEMENTS.

THE COMMISSION IS READY TO DO SO WITHOUT DELAY.

AS TO THE MANNER IN WHICH THESE NEGOTIATIONS SHOULD BE PURSUED, AND THE OTHER POINTS RAISED IN MR. HARTMAN'S LETTER, THE COMMISSION ENTIRELY RESERVES ITS POSITION. END TEXT.

4. HIJZEN ALSO PRESENTED SOME " ORAL" COMMENTS -- IN THE FORM OF A NON- PAPER -- THAT DIFFER ONLY SLIGHTLY FROM LIMITED OFFICIAL USE

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THOSE WE REPORTED IN REFTEL A ON A NOFORN BASIS. FOL-
LOWING ARE THE COMMENTS: BEGIN TEXT.

A. IN THE COMMISSION'S VIEW, THE COMMUNITY'S ESSENTIAL COMMITMENT UNDER THE QUALITY WHEAT AGREEMENT IS TO ENTER INTO NEGOTIATIONS ON THE CONSEQUENCES OF THE COMMON AGRICULTURAL POLICY FOR US EXPORTS

TO THE SIX MEMBER STATES, SO AS TO PROVIDE FOR THE DEVELOPMENT OF THIS TRADE UNDER FAIR AND REASONABLE CONDITIONS.

B. UNDER THE AGREEMENT CONCERNING CORN AND CERTAIN OTHER AGRICULTURAL PRODUCTS, THE COMMUNITY'S COMMITMENT IS LESS PRECISE, NAMELY TO ENTER INTO NEGOTIATIONS ON THE SITUATION OF US EXPORTS.

C. THE COMMISSION INTERPRETS THE SPIRIT OF BOTH AGREEMENTS AS BEING THE DESIRE TO ESTABLISH THAT, ON THE BASIS OF US RIGHTS IN FORCE ON 1 SEPTEMBER 1960, TRADE IN THESE PRODUCTS HAS BEEN ABLE TO DEVELOP NORMALLY, NOTWITHSTANDING THE INTRODUCTION OF THE COMMON AGRICULTURAL POLICY.

D. ON THE BASIS OF FIGURES NOW IN ITS POSSESSION, THE COMMISSION BELIEVES THAT TRADE HAS IN FACT DEVELOPED NORMALLY OVER THE INTERVENING DECADE, AND THAT THERE IS THUS NOTHING OF SUBSTANCE ON WHICH THE COMMUNITY AND THE US NEED TO NEGOTIATE.

E. NEVERTHELESS, THE COMMUNITY ACCEPTS THE LEGAL OBLIGATION TO ENTER INTO NEGOTIATIONS AT THE REQUEST OF ITS AMERICAN PARTNERS, AND THE COMMISSION IS THEREFORE WILLING TO LISTEN TO ANY FACTS AND FIGURES THE AMERICAN AUTHORITIES MAY CARE TO PUT FORWARD IN PRESENTING THEIR CASE. END TEXT.

5. WHILE WELCOMING THE COMMUNITY'S READINESS TO BEGIN NEGOTIATIONS, WE NOTED THAT THE HARTMAN LETTER MAKES CLEAR THAT THE US EXPECTS THE NEGOTIATIONS TO HAVE A SUBSTANTIVE OUTCOME. WE ALSO FULLY RESERVED THE RIGHT TO RESPOND TO THE EC'S ORAL COMMENTS AND CAUTIONED LIMITED OFFICIAL USE

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THAT THE ABSENCE OF A FULL REPLY ON THE SPOT SHOULD NOT BE INTERPRETED AS AGREEMENT OR ACQUIESCENCE IN THESE COMMENTS.

6. HIJZEN THEN CONFIRMED THE COMMISSION'S DESIRE TO HAVE A SHORT OPENING NEGOTIATING SESSION TO AVOID POSSIBLE LEGAL COMPLICATIONS IN CONNECTION WITH THE JUNE 30 DATE. WE HAVE CONSEQUENTLY ARRANGED A MEETING AT THE COMMISSION FOR 0930 AM BRUSSELS TIME, JUNE 29.

7. ACTION REQUESTED: GUIDANCE FOR THE MEETING.
GREENWALD

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*** Current Classification *** LIMITED OFFICIAL USE

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